

**LOCAL AGENCY FORMATION COMMISSION  
COUNTY OF SAN BERNARDINO**

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**DATE:** AUGUST 12, 2013  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION



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**SUBJECT:** Agenda Item 7 – Consideration of Response to San Bernardino County Grand Jury Report Related to the Newberry Community Services District

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**RECOMMENDATION:**

Staff recommends that the Commission approve the response to the San Bernardino County Grand Jury Report related to the Newberry Springs Community Services District as follows:

1. Concur with Recommendation #15 and direct staff to provide a more detailed analysis of the potential consolidation of the District during the second cycle review; and,
2. Authorize the Executive Officer to submit the response to the Presiding Judge of the Superior Court.

**BACKGROUND:**

On July 1, 2013, the 2012-13 Grand Jury Final Report was released with a comprehensive review of the Newberry Community Services District (hereafter shown as "District"), copy included as Attachment #1. Referenced in the materials was the Commission's June 2009 service review and sphere of influence update for the District which identified a number of operational deficiencies which were memorialized in LAFCO Resolution No. 3064, copy included as Attachment #2. The action of the Commission was to maintain the District's existing sphere of influence. The Grand Jury report identifies a single finding related to LAFCO, shown on Page 22 of the report, identified as Recommendation #15.

**RESPONSE TO GRAND JURY REPORT:**

LAFCO is required to respond to Grand Jury Recommendation #15, by September 28, 2013. Recommendation #15 is shown below.

“Review suggestions made in its 2009 report and include more robust analysis of governance and reorganization options for the next Service Review of the District, scheduled for 2014.”

The requirement of Recommendation #15 is to request that the Commission direct its staff to do a more in-depth analysis of the potential for reorganizing the district which was discussed in 2009. As the Commission will recall, the staff recommendation at that hearing on this regional service review was to consolidate the spheres of influence for the four communities – Yermo, Daggett, Newberry and Harvard – into a single sphere of influence signaling the Commission’s intent that a future consolidation should take place. The staff’s rationale was that the consolidation of the three districts would allow for the hiring of professional staff to operate the services needed for the area. At the June hearing, the Newberry CSD representatives and residents were successful in convincing the Commission to retain its autonomy as a separate sphere of influence, copy of minutes included as Attachment #3. Based upon the information outlined in the Grand Jury Report, it is the staff’s position that the Commission has two options to respond:

1. Concur with Recommendation #15 and direct staff to provide a more detailed analysis of the potential consolidation of the District during the second cycle review; or,
2. Concur with Recommendation #15 and because of the severity of the issues direct staff to undertake an off-cycle review of the district, as well as the Yermo and Daggett Community Services Districts, to provide a more detailed financial and operational analysis for governance change. The only issue with undertaking this option would be funding since the revenues for service reviews must come from the Commission’s mandatory apportionment process, as no fees can be charged for the process. If this is the desired option of the Commission, it could direct staff to seek supplemental funding from the County to assist in preparing this detailed financial analysis.

Staff’s recommendation is that the Commission adopts Option #1 outlined above based upon the financial considerations.

Based upon the Commission’s determination of option, staff will prepare the letter response to the presiding judge of the Superior Court and submit by the September 28, 2013 deadline. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

KRM

Attachments:

1. [San Bernardino County Grand Jury Report related to the Newberry Community Services District](#)
2. [LAFCO Resolution No. 3064 Making Determinations on LAFCO 3046 – Service Review/Sphere of Influence Update for the Newberry Community Services District](#)
3. [Minutes from the June 17, 2009 Commission Hearing](#)